



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF HUMAN SERVICES
LANSING



MARIANNE UDOW
DIRECTOR

August 24, 2006

The Honorable Bill Hardiman, Chair
Senate Appropriations Subcommittee on DHS
Michigan State Senate
Lansing, MI 48933

The Honorable Rick Shaffer, Chair
House Appropriations Subcommittee on DHS
Michigan House of Representatives
Lansing, MI 48933

Dear Senator Hardiman and Representative Shaffer:

Section 902(5) of 2005 Public Act No. 147 requires the Department of Human Services (DHS) to submit quarterly reports to the legislature on expenditures and improvements made from a one time appropriation of \$17,800,000 to fix and improve the Michigan Child Support Enforcement System (MiCSES). The appropriation of \$17,800,000 assumes the collection of \$6,100,000 of state funds from the Michigan Arrearage Collection Special Project (MACS Project), an arrearage collection program. The \$6,100,000 could then be used to draw federal matching dollars which would make the total \$17,800,000.

Please accept this letter as the DHS's third quarterly report for fiscal year 2006. As of the end of the third quarter a total of approximately \$8,900,000 was collected through the MACS Project. Of this amount approximately \$2,500,000 was for state arrearages. The remainder went to custodial parents and local Friends of the Court. Matching this state share of \$2,500,000 with federal revenues provides for \$7,500,000 available for MiCSES expenditures. As of the end of the quarter \$5,500,000 of the \$17,800,000 appropriation was spent.

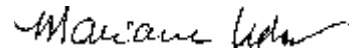
The deadline for participation in the MACS Project was June 16, 2006 thus no additional collections will be received and all enhanced funding for MiCSES improvements for fiscal year 2006 have been completed. Approximately \$2,000,000 of MACS Project funding will be carried forward into fiscal year 2007 for MiCSES improvements next year.

The child support Program Leadership Group (PLG) has developed and approved a two-year plan that prioritizes the improvements and fixes to be made to MiCSES with the funds collected from the MACS project. During the first half of fiscal year 2006 the MACS funds have been used to improve document

generation, forms archival, the parenting time abatement process in MiCSES, income withholding notice improvements, and system performance. In the third quarter the fixes and improvements noted above were finalized and released into production and planning for the final portion of this project began.

If you have any questions, please contact John Sorbet, chief administrative officer, DHS, at (517) 373-7787.

Sincerely,

A handwritten signature in black ink, appearing to read "Marianne Udow", with a stylized flourish at the end.

Marianne Udow

- c: Senate and House Appropriations Subcommittees on DHS
- Senate and House Fiscal Agencies
- Senate and House Policy Offices
- State Budget Director